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INFO RUEHBJ/AMEMBASSY BEIJING 4110

RUEHLM/AMEMBASSY COLOMBO 7520

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RUEHKT/AMEMBASSY KATHMANDU 8247

RUEHMO/AMEMBASSY MOSCOW 0280

RUEHKO/AMEMBASSY TOKYO 3949

RUEHCI/AMCONSUL CALCUTTA 6898

RUEHCG/AMCONSUL CHENNAI 6956

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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 007358

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DEPT FOR SCA/INS, DRL, INR/B

E.O. 12958: DECL: 08/31/2016

TAGS: PGOV PREL PINR IN

SUBJECT: A.K. ANTONY NAMED MINISTER OF DEFENSE

REF: NEW DELHI 7338

Classified By: PolCouns Ted Osius for reasons 1.4 (B,D)

¶1. (U) In an October 23 cabinet reshuffle, President of India A.P.J. Abdul Kalam named Former Chief Minister of Kerala A.K. Antony Minister of Defense. See paragraphs 3-7 for biographical information on Antony.

¶2. (C) Our sources tell us that Congress Party President Sonia Gandhi and PM Singh needed to get Pranab Mukherjee out of his post as Minister of Defense because he was not sufficiently zealous in raising funds for the party. Mukherjee finally accepted the move after receiving reassurances that he would remain in charge of the many Ministerial Committees that help him maintain his domestic power base. The shift of Mukherjee to External Affairs left open the post of Minister of Defense, which A.K. Antony accepted. Antony's opponents question his ability to thrive in this high level, high profile position. His reputation for integrity is expected to slow down pending deals, as Antony learns the ropes and carefully examines all contracts, including pending arms deals with the U.S. Antony will bring much needed probity to defense acquisitions just before a large number of big deals are about to be considered. However, Antony faces a tough challenge since he will be functioning under the shadow of Mukherjee and under pressure from the heads of the army, navy, and air force, all of whom want to replace dated equipment. Managing these personalities will be a challenge for Antony.

A Politician with Integrity

¶3. (SBU) A former Chief Minister of Kerala, A. K. Antony is a popular Congress leader in South India with a reputation for honesty and integrity. A member of the Congress Working Committee (the party's highest decision making body) in charge of Karnataka affairs, Antony is close to Congress chief Sonia Gandhi, and one of her key advisors and her main strategist in South Indian politics.

¶4. (SBU) A popular political activist since his student days, Antony rose quickly in the Congress party, as president of the Kerala University Student's Union, a wing of the Congress Party. He later headed the Kerala Pradesh Youth Congress and the Kerala Pradesh Congress Committee. At age 37, Anthony was named the youngest ever Chief Minister of Kerala in 1977. Refusing to back Indira Gandhi's Congress leadership during the Emergency, Anthony resigned to support a "Third Force" coalition of non-Congress left and democratic parties. He was readmitted into Congress in 1982.

¶5. (C) Rajiv Gandhi admired Antony's clean image and appointed him General Secretary of the All India Congress Committee and later, President of the Kerala Congress. Antony won a seat to the Rajya Sabha in 1985 and again in ¶1991. In 1993 Prime Minister Rao named him Minister for Civil Supplies. Antony resigned in 1994 to protest allegations of Ministry inefficiency. In 1995, Rao again appointed him Kerala Chief Minister, a position he held until ¶1996. In 2000 Antony led the party to victory in Kerala elections to become Chief Minister in his own right. He had

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to step down in 2004, however, due to inner party conflicts.

An Economic Reformer with Limitations

¶6. (C) After Antony led the Congress return to power in Kerala in 2001, the media characterized him as a "born again" economic reformer who endorsed free-market policies. The bold nature of some of his policies took many by surprise, given his previous socialist track record. At the beginning of his tenure as Chief Minister, Antony initiated reforms to "change Kerala's (leftist) mindset." Even cynics applauded when in March 2002, Antony enforced fiscal discipline, defeating a 32 day government employees' strike that demanded reinstatement of unaffordable perks. Antony's determination to carry out an Asian Development Bank-aided "Modernization of Government Plan" was another indicator of his commitment to economic reform. He also liberalized education by allowing several private engineering and medical colleges to open in Kerala and championed the state as an investment destination. His push for legislation to curb strident labor demands won him immense middle class support.

¶7. (C) Antony has at various points in his career succumbed to Leftist pressure and the demands of his constituents, for example ordering the closure of the Kerala Coca Cola plant in 2004 citing drought and the non-availability of drinking water.

Personal Background

¶6. (C) Born December 28, 1940 to a middle class Christian family in Chertalai near Alleppy, Antony earned a B.A. and B.L. (Bachelor of Law) from Kerala University. A professed atheist, Antony keeps a distance from the Roman Catholic Church, to which his family traditionally belongs. When he was a boy, his father had a property dispute with a local Catholic Church. As a result, the Church later refused to give Antony's father ceremonial burial in the church cemetery, triggering Antony's skepticism. Earlier in his

career, he consistently questioned the Church's motives in education and advocated greater government oversight. In recent years, his opposition to the Church has waned. His wife Elizabeth is a devout Catholic who works at Canara Bank.

They have two sons, Anil and Ajit, both students.

¶7. (C) Antony has traveled to Japan, France, the UK, the former USSR, and Yugoslavia. He refused an International Visitor (IV) grant offer from the USG in the 1980s, anxious to avoid leftist criticism. In meetings, Antony comes across as soft-spoken, serious, and unassuming. Always clad in cottage-spun Khadi (handspun cotton), dhoti, and shirt, his appearance reflects his "Gandhian simplicity." Antony has been frugal with time and hospitality, has preferred short meetings, and usually avoids offering visitors the customary coffee and snacks. His English is basic, adequate for substantive conversation related to his work, but not good enough for small talk.

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